

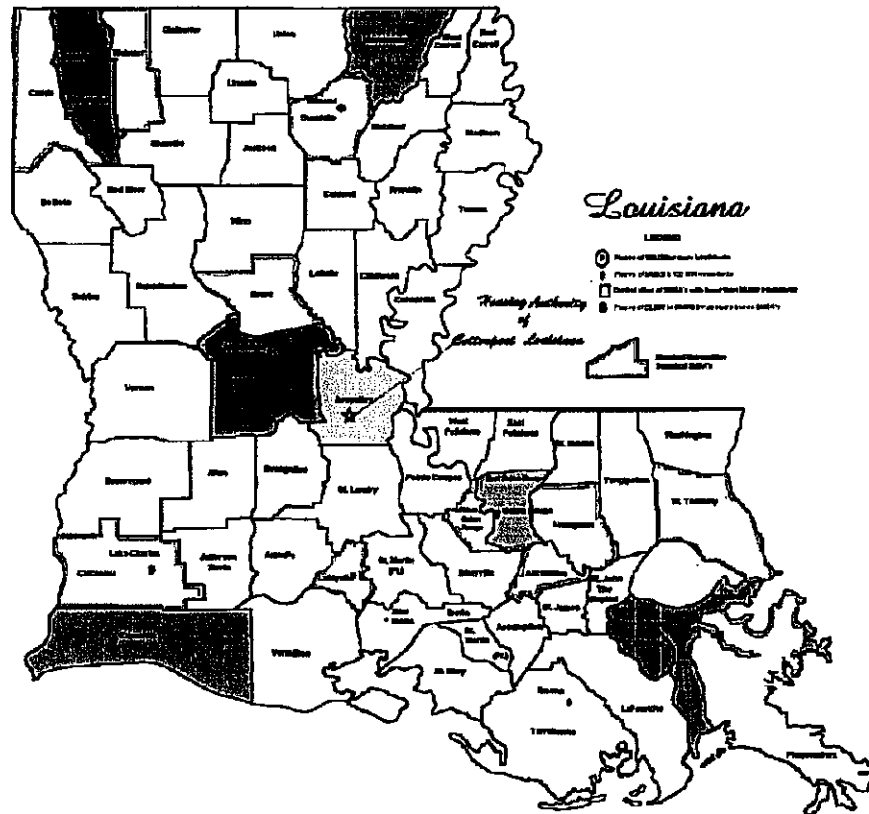
**HOUSING AUTHORITY
OF THE
TOWN OF COTTONPORT, LOUISIANA**

**Financial Statements &
Supplemental Financial Information
June 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/28/07

HOUSING AUTHORITY OF THE TOWN OF COTTONPORT COTTONPORT, LOUISIANA



Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low income housing programs in the United States. Accordingly, HUD has contracted with the entity to administer certain HUD funds. The entity is a public corporation, legally separate, fiscally independent and governed by Board of Commissioners.

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana**

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June 30, 2007**

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JOHN R. VERCHER PC
Certified Public Accountant

P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

INDEPENDENT AUDITOR'S REPORT

Housing Authority of the
Town of Cottonport, Louisiana

We have audited the accompanying basic financial statements of the Housing Authority of the Town of Cottonport as of and for the year ended June 30, 2007, as listed in the table of contents. These basic financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Cottonport, as of June 30, 2007, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2007, on our consideration of the Housing Authority of the Town of Cottonport's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

MEMBER
—AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS—
SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

The accompanying Financial Data Schedule (FDS), other supplemental statements and schedules, required by HUD, are presented for purposes of additional analysis, and are not a required part of the basic financial statements. The Financial Data Schedule (FDS), other supplemental statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

John R. Vercher PC

Jena, Louisiana

October 3, 2007

**Housing Authority of the Town of Cottonport
Management's Discussion and Analysis
June 30, 2007**

As management of the Housing Authority of the Town of Cottonport, we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements, which are attached.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$424,495 (net assets).

As of the close of the current fiscal year, the Authority's ending unrestricted net assets were \$95,424.

The Authority's cash balance at June 30, 2007 was \$102,619.

The Authority had total revenue of \$265,838, while expenses totaled \$412,973.

The Authority's had no capital outlay for the year.

Overview of the Basic Financial Statements

The discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of the Statement of Net Assets, Statement of Revenue, Expenses and Changes in Net Assets, Statement of Cash Flows, and the notes to the basic financial statements. This report also contains the schedule of expenditures of federal award as supplementary information in addition to the basic financial statements themselves.

The Authority has only one fund type, namely a proprietary fund. The Statement of Net Assets includes all of the Authority's assets and liabilities. This fund type is unused for activities which are financed and operated in a manner similar to those in the private sector.

The Authority has two main funding sources in its financial operation. These are the Low Rent Public Housing and the Capital Fund programs. The Low Rent Program consists of 60 units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula. The purpose of this program is to provide funding for low rent housing programs to allow them to make purchases and capital improvements for the current dwelling structures and assist in their operations.

**Housing Authority of the Town of Cottonport
Management's Discussion and Analysis - Continued
June 30, 2007**

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements.

The table below lists the asset and liability comparisons for the year ended June 30, 2007.

Statement of Net Assets

	<u>2006</u>	<u>2007</u>	<u>% Change</u>
Current & Restricted Assets	\$ 141,278	\$ 120,461	-14.7%
Capital Assets Net of Depreciation	452,645	329,071	-27.3%
Total Assets	<u>593,923</u>	<u>449,532</u>	-24.3%
Current Liabilities	11,773	19,469	65.4%
Non-Current Liabilities	10,520	5,568	-47.1%
Total Liabilities	<u>22,293</u>	<u>25,037</u>	12.3%
Equity			
Invest in Capital Assets	452,645	329,071	-27.3%
Unrestricted Net Assets	118,985	95,424	-19.8%
Total Net Assets	<u>\$ 571,630</u>	<u>\$ 424,495</u>	-25.7%

- Current assets decreased by \$20,817 or 14.7% from last year. The primary reasons for this decrease are due to a decrease in cash of \$11,975 and a decrease in Prepaid Items of \$6,388.
- Capital assets, net of accumulated depreciation decreased by \$123,574 or 27.3%. This change was caused mainly by current depreciation expense of \$123,584.
- Total liabilities increased by \$2,744 or 12.3%. The primary reason for this change is that Accrued Pilot increased by \$1,624.
- Unrestricted assets decreased by \$23,561 or 19.8%. The increase in liabilities and decrease in cash are the main contributors for this decrease.

**Housing Authority of the Town of Cottonport
Management's Discussion and Analysis - Continued
June 30, 2007**

The table below lists the revenue and expense comparisons for the year ended June 30, 2007.

Statement of Revenues, Expenses, & Changes in Net Assets

	<u>2006</u>	<u>2007</u>	<u>% Change</u>
Revenues			
Tenant Revenue	\$ 83,138	\$ 99,288	19.4%
HUD PHA OPERATING	88,403	164,660	86.3%
Capital Grants	98,055	-0-	-100.0%
Investment Income	2,013	1,890	-6.1%
Total Revenues	<u>271,609</u>	<u>265,838</u>	-2.1%
Expenses			
Administrative	141,774	172,705	21.8%
Tenant Services	4,390	5,196	18.4%
Utilities	4,738	4,906	3.5%
Maintenance	107,044	65,876	-38.5%
General	36,422	40,706	11.8%
Depreciation	122,236	123,584	1.1%
Total Expenses	<u>416,604</u>	<u>412,973</u>	-0.9%
Change in Net Assets	\$ <u>(144,995)</u>	\$ <u>(147,135)</u>	-1.5%

- Total revenues decreased by \$5,771 or 2.1%. The primary reason is because of a decrease in grants of \$21,798.
- Total expenses decreased by \$3,631. This change is mainly due to a decrease in Maintenance of \$41,168.

**Housing Authority of the Town of Cottonport
Management's Discussion and Analysis - Continued
June 30, 2007**

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2007 the Authority's investment in capital assets was \$329,071 (net of accumulated depreciation). This investment included land, building, building improvements, office equipment, and maintenance equipment.

	<u>2006</u>	<u>2007</u>
Capital Assets		
Land	\$ 40,290	\$ 40,290
Building & Improvements	3,016,255	3,084,059
Furniture & Equipment	26,868	30,949
Construction in Progress	71,885	-0-
Total Capital Assets	<u>3,155,298</u>	<u>3,155,298</u>
 Less Accumulated Depreciation	 (2,702,653)	 (2,826,227)
 Capital Assets, Net of Accumulated Depreciation	 <u>\$ 452,645</u>	 <u>\$ 329,071</u>

Long Term Debt

The Authority does not have any long-term liabilities at this time.

Future Events That Will Impact the Authority

The Authority relies heavily upon HUD operating subsidies. The amount appropriated has not currently been approved for the June 30, 2008 year. Therefore, any results of budget shortfalls cannot be determined.

The Authority is under a contract through its Capital Fund Program to continue with the work as stated above and incorporate any new work items into its operation.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following address:

Housing Authority of the Town of Cottonport
650 Jacob Drive
Cottonport, Louisiana 71327

Basic Financial Statements

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Statement of Fund Net Assets
June 30, 2007**

ASSETS	ENTERPRISE FUND
CURRENT ASSETS:	
Cash & Cash Equivalents	\$ 97,119
Receivables (Net of Allowances For Uncollectables)	50
Inventory	9,846
Prepaid Items	7,946
TOTAL CURRENT ASSETS	114,961
RESTRICTED ASSETS	
Tenants' Security Deposits	5,500
TOTAL RESTRICTED ASSETS	5,500
NON-CURRENT ASSETS:	
Capital Assets (Net of Accumulated Depreciation)	329,071
TOTAL NON-CURRENT ASSETS	329,071
TOTAL ASSETS	449,532
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	2,335
Accrued Compensated Absences	2,625
Accrued Pilot	9,009
Tenant Security Deposits	5,500
TOTAL CURRENT LIABILITIES	19,469
NON-CURRENT LIABILITIES	
Accrued Compensated Absences	5,568
TOTAL NON-CURRENT LIABILITIES	5,568
TOTAL LIABILITIES	25,037
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	329,071
Unrestricted	95,424
TOTAL NET ASSETS	\$ 424,495

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Statement of Revenues, Expenses, & Changes In Fund Net Assets
Year Ended June 30, 2007**

	ENTERPRISE FUND
OPERATING REVENUES:	
Tenant Rental Revenue	\$ 94,576
Tenant Revenue Other	4,712
HUD PHA Operating Grant	164,660
TOTAL OPERATING REVENUE	<u>263,948</u>
OPERATING EXPENSES	
<i>Administration:</i>	
Administrative Salaries	92,855
EBC Administrative	48,146
Other Operating - Administrative	31,704
<i>Cost of Sales & Service:</i>	
Tenant Services	3,832
Water	199
Electricity	4,137
Gas	570
Ordinary Maintenance - Labor	24,306
Materials	20,383
Contract Cost	16,860
EBC Maintenance	4,327
Insurance	27,045
Payment in Lieu of Taxes	8,967
Bad Debt	1,364
Protective Services	4,694
<i>Depreciation</i>	123,584
TOTAL OPERATING EXPENSES	<u>412,973</u>
OPERATING INCOME (LOSS)	<u>(149,025)</u>
NONOPERATING REVENUE (EXPENSE)	
Interest Earnings	1,890
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>1,890</u>
CHANGE IN NET ASSETS	(147,135)
TOTAL NET ASSETS - BEGINNING	571,630
TOTAL NET ASSETS - ENDING	<u>\$ 424,495</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Statement of Cash Flows
Year Ended June 30, 2007**

	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From Customers & Users	\$ 99,447
Receipts From Operating Grants	164,660
Payments to Suppliers	(153,650)
Payments to Employees	(116,968)
Payment in Lieu of Taxes	(7,354)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(13,865)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Subsidy From Capital Grants	-0-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>-0-</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Acquisition & Construction of Capital Assets	-0-
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>-0-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investments	-0-
Interest & Dividends Received	1,890
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>1,890</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(11,975)
CASH, BEGINNING OF YEAR	114,594
CASH, END OF YEAR	<u>102,619</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	<u>(149,025)</u>
Depreciation Expense	123,584
(Increase) Decrease in Accounts Receivable	24
(Increase) Decrease in Inventories	2,431
(Increase) Decrease in Prepaid Items	6,388
Increase (Decrease) in Accrued Pilot	1,624
Increase (Decrease) in Customer Deposits	135
Increase (Decrease) in Accounts Payable	792
Increase (Decrease) in Compensated Absences	182
TOTAL ADJUSTMENTS	<u>135,160</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (13,865)</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS

INTRODUCTION

The Housing Authority of Cottonport is a 60 unit apartment complex for persons of low income located in Cottonport, Louisiana. The Authority is chartered as a public corporation for the purpose of administering decent, safe and sanitary dwelling for persons of low-income.

Legal title to the Authority is held by the Housing Authority of the Town of Cottonport, Louisiana, a non-profit corporation. The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of Cottonport, Louisiana. Each member serves a four-year term. Substantially all of the Authority's revenue is derived from subsidy contracts with the U. S. Department of Housing and Urban Development (HUD). The annual contributions contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities for eligible individuals.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the entity to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separated and fiscally independent, the Housing Authority is a separate governmental reporting entity. The Housing Authority includes all funds, account groups, activities, etc., that are within the oversight responsibility of the Housing Authority.

The Housing Authority is a related organization of the Town of Cottonport because the Town of Cottonport appoints a voting majority of the Housing Authority's governing board. The Town of Cottonport is not financially responsible for the Housing Authority, as it cannot impose its will on the Housing Authority and there is no possibility for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Cottonport. According, the Housing Authority is not a component unit of the financial reporting entity of the Town of Cottonport.

BASIS OF PRESENTATION

As required by Louisiana State Reporting Law (LSA-R.S. 24:514) and HUD regulations, financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

The accounts of the PHA are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units.

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

Proprietary Fund Type – Proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The PHA applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. The PHA's funds include the following type:

Enterprise Fund – Enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

1. SUMMARY OF ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES

A. BASIC FINANCIAL STATEMENTS

The basic financial statements (i.e., the statement of net assets and the statement of revenues, expenses and changes in net assets) report information on all of the activities of the authority.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The basic financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to their same limitation. The authority has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of Interfund activity has been eliminated from the basic financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Operating revenues and expenses have been reported separately from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The primary operating revenue of the housing authority is derived from tenant revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

When both restricted and unrestricted resources are available for use, it is the housing authority's policy to use restricted resources first, then unrestricted resources as they are needed.

C. DEPOSITS & INVESTMENTS

The housing authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the housing authority's investment policy allow the housing authority to invest in collateralized certificated of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments (bank certificate of deposits in excess of 90 days) for the housing authority are reported at fair value.

D. RECEIVABLES & PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year referred to as either "due to/from other funds" (i.e., the current portion of Interfund loans) or "advances to/from other funds" (i.e., the non-current portion of Interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the accompanying basic financial statements, are offset by a restriction on net assets. All trade and other receivables are shown net of an allowance for uncollectives.

E. INVENTORIES & PREPAID ITEMS

All inventories are valued at cost using the first-in/first out method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

F. CAPITAL ASSETS

Capital Assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable columns in the basic financial statements. Capital assets are capitalized at historical cost. The housing maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$-0-. Of this amount, \$-0- was included as part of the cost of capital assets under construction in connection with construction projects.

All Capital Assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings and building improvements	20 years
Furniture and fixtures	5 years
Vehicles	5 years
Equipment	5 years

G. LONG-TERM OBLIGATIONS

In the basic financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

H. EXTRAORDINARY & SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the housing authority, which are either unusual in nature or infrequent in occurrence.

I. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

2. CASH & INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)

At June 30, 2007, the housing authority has cash and investments (book balances) totaling \$102,619 as follows:

Demand deposits	\$ 102,619
Total	\$ 102,619

These deposits are stated at cost, which approximated market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2007, the housing authority had \$110,558 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$154,907 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the housing authority or its agent in the housing authority's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the housing authority's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the housing authority's name.

<u>Type of Investment</u>	<u>Category</u>			<u>Fair Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
FDIC	\$ 100,000	\$ -0-	\$ -0-	\$ 100,000
FHLMC Note	-0-	154,907	-0-	154,907
	<u>\$ 100,000</u>	<u>\$ 154,907</u>	<u>\$ -0-</u>	<u>\$ 254,907</u>

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

3. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land (Not Depreciated)	\$ 40,290	\$ -0-	\$ -0-	\$ 40,290
Leasehold Improvements	371,325	-0-	-0-	371,325
Buildings	2,644,930	67,804	-0-	2,712,734
Furniture & Equipment, Etc.	26,868	4,081	-0-	30,949
CFP Capital Assets	71,885	-0-	(71,885)	-0-
Total	<u>3,155,298</u>	<u>71,885</u>	<u>(71,885)</u>	<u>3,155,298</u>
Less Accumulated Depreciation	(2,702,643)	(123,584)	-0-	(2,826,227)
Net Capital Assets	<u>\$ 452,655</u>	<u>\$ (51,699)</u>	<u>\$ (71,885)</u>	<u>\$ 329,071</u>

Depreciation expense of \$123,584 for the year ended June 30, 2007 was charged to the following functions:

Buildings	\$ 103,880
Leasehold Improvements	15,561
Furniture & Equipment	4,143
Total Depreciation Expense	<u>\$ 123,584</u>

Land in the amount of \$40,290 is not being depreciated.

4. ACCOUNTS, SALARIES & OTHER PAYABLES

The payables of \$19,537 at June 30, 2007 are as follows:

Accounts Payable Vendors	\$ 250
Accounts Payable (Payroll Taxes)	2,085
Accrued Compensated Absences	8,193
Accrued Pilot	9,009
Total	<u>\$ 19,537</u>

5. RETIREMENT SYSTEMS

The housing authority provides benefits for all full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six-month exclusionary period. The entity contributes 12% of the employee's base monthly salary. The housing authority's contributions for each employee (and interest allocated to the employee account) vest at 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

The housing authority's total payroll for the fiscal year ending June 30, 2007 was \$117,161. The housing authority's contributions were calculated using the base salary amount of \$117,161. Contributions to the plan were \$-0- and \$23,432 by the employees and the housing authority, respectively.

6. CONTINGENT LIABILITIES

At June 30, 2007, the housing authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the housing authority in the current and prior years. These examinations may result in required refunds by the housing authority to federal grantors and/or program beneficiaries.

7. ECONOMIC DEPENDENCY

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing & Urban Development provided \$164,660 to the housing authority, which represents approximately 62% of the housing authority's revenue for the year.

**Other Supplemental Statements
& Schedules**

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Schedule of Compensation Paid to Board Members
Year Ended June 30, 2007**

Board Member	Title	Salary
Lester Friels	Chairman of the Board	\$ 165
Peter Martin	Vice-Chairman	110
Reece Chenevert	Board Commissioner	110
Elisic Young	Board Commissioner	110
Anthony Gremillion	Board Commissioner	\$ 110

Board Commissioners received the above amounts per monthly meeting (when present).

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Statement and Certification of Actual Modernization Cost
Annual Contribution Contract**

	<u>Project 501-2006</u>	<u>Total</u>
1. The Actual Modernization Costs Are As Follows:		
Funds Approved	\$ 80,225	\$ 80,225
Funds Expended	<u>(80,225)</u>	<u>(80,225)</u>
Excess of Funds Approved	<u>-0-</u>	<u>-0-</u>
2. Funds Advanced	80,225	80,225
Funds Expended	<u>(80,225)</u>	<u>(80,225)</u>
Excess of Funds Advanced	\$ <u>-0-</u>	\$ <u>-0-</u>

The accompanying notes are an integral part of this statement.

Other Reports

JOHN R. VERCHER PC
Certified Public Accountant

P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Housing Authority of the
Town of Cottonport

We have audited the accompanying basic financial statements of the Housing Authority of the Town of Cottonport, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Housing Authority's basic financial statements and have issued our report thereon dated October 3, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the Town of Cottonport's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Town of Cottonport's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the Town of Cottonport's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority of the Town of Cottonport's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Housing Authority of the Town of Cottonport's internal control.

MEMBER
—AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS—
SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Cottonport's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

John R. Vercher PC

October 3, 2007

Jena, Louisiana

**HOUSING AUTHORITY OF THE TOWN OF COTTONPORT
COTTONPORT, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2007**

We have audited the basic financial statements which collectively comprise the Housing Authority of the Town of Cottonport, Louisiana, as of and for the year ended June 30, 2007 and have issued our report thereon dated October 3, 2007. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the basic financial statements as of June 30, 2007 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable Conditions ☐ Yes ☒ No

Compliance

Compliance Material to Basic Financial Statements ☐ Yes ☒ No

b. Federal Awards – (Not Applicable)

Internal Control

Material Weaknesses ☐ Yes ☐ No Reportable Conditions ☐ Yes ☐ No

Type of Opinion On Compliance ☐ Unqualified ☐ Qualified
For Major Programs ☐ Disclaimer ☐ Adverse

Are the findings required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes ☐ No

c. Identification Of Major Programs:

CFDA Number (s)	Name Of Federal Program (or Cluster)
-----------------	--------------------------------------

Dollar threshold used to distinguish between Type A and Type B Programs:

\$

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?

☐ Yes ☐ No

**HOUSING AUTHORITY OF THE TOWN OF COTTONPORT
COTTONPORT, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2007**

Section II Financial Statement Findings Required To Be Reported In Accordance With GAGAS

No items to report.

Section III – Internal Control

No items to report.

Section IV Federal Awards Findings and Questioned Costs.

Not applicable.

JOHN R. VERCHER PC
Certified Public Accountant

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Jena, Louisiana 71342
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MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Housing Authority's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

There are no current year comments.

**HOUSING AUTHORITY OF THE TOWN OF COTTONPORT
COTTONPORT, LOUISIANA**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Housing Authority of the Town of Cottonport, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2006.

PRIOR YEAR FINDINGS

There were no prior year findings.

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$97,119	\$0	\$97,119
114	Cash - Tenant Security Deposits	\$5,500	\$0	\$5,500
100	Total Cash	\$102,619	\$0	\$102,619
126	Accounts Receivable - Tenants - Dwelling Rents	\$51	\$0	\$51
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-1	\$0	\$-1
120	Total Receivables, net of allowances for doubtful accounts	\$50	\$0	\$50
142	Prepaid Expenses and Other Assets	\$7,946	\$0	\$7,946
143	Inventories	\$9,847	\$0	\$9,847
143.1	Allowance for Obsolete Inventories	\$-1	\$0	\$-1
150	Total Current Assets	\$120,461	\$0	\$120,461
161	Land	\$40,290	\$0	\$40,290
162	Buildings	\$2,712,734	\$0	\$2,712,734
163	Furniture, Equipment & Machinery - Dwellings	\$4,781	\$0	\$4,781
164	Furniture, Equipment & Machinery - Administration	\$26,168	\$0	\$26,168
165	Leasehold Improvements	\$371,325	\$0	\$371,325
166	Accumulated Depreciation	\$-2,826,227	\$0	\$-2,826,227
160	Total Fixed Assets, Net of Accumulated Depreciation	\$329,071	\$0	\$329,071
180	Total Non-Current Assets	\$329,071	\$0	\$329,071
190	Total Assets	\$449,532	\$0	\$449,532

PHA: LA071 FYED: 06/30/2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$250	\$0	\$250
321	Accrued Wage/Payroll Taxes Payable	\$2,085	\$0	\$2,085
322	Accrued Compensated Absences - Current Portion	\$2,625	\$0	\$2,625
333	Accounts Payable - Other Government	\$9,009	\$0	\$9,009
341	Tenant Security Deposits	\$5,500	\$0	\$5,500
310	Total Current Liabilities	\$19,469	\$0	\$19,469
354	Accrued Compensated Absences - Non Current	\$5,568	\$0	\$5,568
350	Total Noncurrent Liabilities	\$5,568	\$0	\$5,568
300	Total Liabilities	\$25,037	\$0	\$25,037
508	Total Contributed Capital	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$329,071	\$0	\$329,071
511	Total Reserved Fund Balance	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$95,424	\$0	\$95,424
513	Total Equity/Net Assets	\$424,495	\$0	\$424,495
600	Total Liabilities and Equity/Net Assets	\$449,532	\$0	\$449,532

PHA: LA071 FYED: 06/30/2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$94,576	\$0	\$94,576
704	Tenant Revenue - Other	\$4,712	\$0	\$4,712
705	Total Tenant Revenue	\$99,288	\$0	\$99,288
708	HUD PHA Operating Grants	\$84,435	\$80,225	\$164,660
711	Investment Income - Unrestricted	\$1,890	\$0	\$1,890
700	Total Revenue	\$185,613	\$80,225	\$265,838

PHA: LA071 FYED: 06/30/2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$92,855	\$0	\$92,855
912	Auditing Fees	\$4,690	\$0	\$4,690
914	Compensated Absences	\$194	\$0	\$194
915	Employee Benefit Contributions - Administrative	\$48,146	\$0	\$48,146
916	Other Operating - Administrative	\$26,820	\$0	\$26,820
924	Tenant Services - Other	\$3,832	\$0	\$3,832
931	Water	\$199	\$0	\$199
932	Electricity	\$4,137	\$0	\$4,137
933	Gas	\$570	\$0	\$570

941	Ordinary Maintenance and Operations - Labor	\$24,306	\$0	\$24,306
942	Ordinary Maintenance and Operations - Materials and Other	\$20,383	\$0	\$20,383
943	Ordinary Maintenance and Operations - Contract Costs	\$16,860	\$0	\$16,860
945	Employee Benefit Contributions - Ordinary Maintenance	\$4,327	\$0	\$4,327
952	Protective Services - Other Contract Costs	\$4,694	\$0	\$4,694
961	Insurance Premiums	\$27,045	\$0	\$27,045
963	Payments in Lieu of Taxes	\$8,967	\$0	\$8,967
964	Bad Debt - Tenant Rents	\$1,364	\$0	\$1,364
969	Total Operating Expenses	\$289,389	\$0	\$289,389
970	Excess Operating Revenue over Operating Expenses	\$-103,776	\$80,225	\$-23,551
974	Depreciation Expense	\$123,584	\$0	\$123,584
900	Total Expenses	\$412,973	\$0	\$412,973
1001	Operating Transfers In	\$80,225	\$0	\$80,225
1002	Operating Transfers Out	\$0	\$-80,225	\$-80,225
1010	Total Other Financing Sources (Uses)	\$80,225	\$-80,225	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-147,135	\$0	\$-147,135

PHA: LA071 FYED: 06/30/2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0
1103	Beginning Equity	\$505,917	\$65,713	\$571,630
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$65,713	\$-65,713	\$0
1120	Unit Months Available	720	0	720
1121	Number of Unit Months Leased	719	0	719